

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended

Local Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Frenchtown Charter Township Resort District Authority		County MONROE
Fiscal Year End December 31, 2007	Opinion Date April 14, 2008	Date Audit Report Submitted to State April 16, 2008		

We affirm that:


We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

	YES	NO	Check each applicable box below. (See instructions for further detail.)
1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The local unit has adopted a budget for all required funds.
5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	A public hearing on the budget was held in accordance with State statute.
6	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The local unit only holds deposits/investments that comply with statutory requirements.
9	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin).
10	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The local unit is free of repeated comments from previous years.
12	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The audit opinion is UNQUALIFIED.
13	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The board or council approves all invoices prior to payment as required by charter or statute.
15	<input checked="" type="checkbox"/>	<input type="checkbox"/>	To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of comments and recommendations.		<input checked="" type="checkbox"/>		
Other (Describe)		<input type="checkbox"/>		
Certified Public Account (Firm Name) McGuire & McDole CPAs			Tele[phone Number] 734-854-5044	
Street Address 6588 Secor Road			City Lambertville	State MI
			Zip 48144	
Authorizing CPA Signature 		Printed Name Donavon McGuire		License Number 1101008386



McGuire & McDole
Certified Public Accountants

L. Donavon McGuire, CPA
Mark McDole, CPA

6588 Secor Road
Lambertville, MI 48144
Tel 734-854-5044
Fax 734-854-2540

April 14, 2008

Frenchtown Charter Township
Resort District Authority Board
Monroe, MI

Dear Board Members,

We have audited the financial statements of the governmental activities of Frenchtown Charter Township Resort District Authority for the year ended December 31, 2007, and have issued our report thereon dated April 14, 2008. Professional standards require that we provide you with the following information related to our audit.

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting with management.

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Frenchtown Charter Township Resort District Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the year ended December 31, 2007. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

The disclosures in the financial statements are neutral, consistent and clear.

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

We have requested certain representations from management that are included in the management representation letter.

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all relevant facts. To our knowledge, there were no such consultations with other accountants.

We generally discuss a variety of matters, including the application of accounting principles, and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

As a result of our audit, we have the following comments and recommendations for your consideration.

Organizational Structure – The size of the Authority's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that Board of Directors remain involved in the financial affairs of the Authority to provide oversight and independent review functions.

Bank Reconciliations – Although bank accounts are reconciled timely, due to the size of staff and related restriction on segregation of duties, we recommend the Treasurer review the bank reconciliations periodically.

We would like to take this opportunity to thank both the Board Officials and the employees who provided assistance to us during our audit. If you have any questions regarding any of the suggestions noted above or would like assistance in implementation, please contact us.

Sincerely,



L. Donavon McGuire, CPA
McGuire & McDole
Certified Public Accountants

***FRENCHTOWN CHARTER TOWNSHIP
RESORT DISTRICT AUTHORITY***

Monroe County, Michigan

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

FRENCHTOWN CHARTER TOWNSHIP RESORT DISTRICT AUTHORITY

AUTHORITY OFFICIALS

CHAIRMAN - - - - -Molly Luempert-Coy

VICE-CHAIRMAN - - - - -Robert J. Gagne

SECRETARY - - - - -Ralph Ridner

TREASURER - - - - -Kraig Yoas

MEMBER - - - - -James McDevitt

DIRECTOR - - - - -James K. Spas

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Mark McDole, CPA

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INDEPENDENT AUDITOR'S REPORT

Frenchtown Charter Township Resort District Authority
2979 Nadeau Road
Monroe, MI 48162

To the Board:

We have audited the accompanying financial statements of Frenchtown Charter Township Resort District Authority as of and for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of Frenchtown Charter Township Resort District Authority' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Frenchtown Charter Township Resort District Authority as of December 31, 2007, and the changes in financial position for the year then ended in conformity with generally accepted accounting principles in the United States of America.

The management's discussion and analysis on pages 2 through 3 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion in it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Frenchtown Charter Township Resort District Authority's financial statements. The required supplementary budgetary comparison is presented for purposes of additional analysis and is not a required part of the basic financial statements. The required supplementary budgetary comparison has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGuire & McDole

McGuire & McDole
Certified Public Accountants

April 14, 2008

FRENCHTOWN CHARTER TOWNSHIP RESORT DISTRICT AUTHORITY

Management's Discussion and Analysis**December 31, 2007****Using this Annual Report**

This annual report consists of two types of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending.

The Authority as a Whole

The Authority's net assets increased 15% from a year ago – increasing from 8,489.3 thousand to 9,773.0 thousand. In a condensed format, the table below shows a comparison of the net assets (in thousands of dollars) as of the current date to the prior year:

	<u>2007</u>	<u>2006</u>
Current Assets	\$ 8,444.8	\$ 7,108.5
Noncurrent Assets	<u>1,407.4</u>	<u>1,463.7</u>
Total Assets	<u>9,852.2</u>	<u>8,572.2</u>
Accrued Liabilities	<u>79.2</u>	<u>82.9</u>
Total Liabilities	<u>79.2</u>	<u>82.9</u>
Net Assets		
Invested in Capital Assets	1,407.4	1,463.7
Unrestricted	<u>8,365.6</u>	<u>7,025.6</u>
Total Net Assets	<u>\$ 9,773.0</u>	<u>\$ 8,489.3</u>

Unrestricted net assets--the part of net assets that can be used to finance day to day operations, increased by \$1,340.0. This represents an increase of approximately 19%. The current level of unrestricted net assets for our activities stands at \$8,365.6, or about 1,186% of expenditures. This is within the targeted range set by the Authority Board during its last budget process.

The following table shows the changes of the net assets (in thousands of dollars) as of the current date to the prior year:

	<u>2007</u>	<u>2006</u>
Revenues		
Taxes	\$ 1,651.9	\$ 1,730.4
Interest	337.1	267.4
Other	<u>-</u>	<u>-</u>
Total Revenues	<u>1,989.0</u>	<u>1,997.8</u>
Expenses		
General Government	56.1	59.8
Public Safety	190.2	167.6
Public Works	<u>459.0</u>	<u>518.1</u>
Total Expenses	<u>705.3</u>	<u>745.5</u>
Change in Net Assets	<u>\$ 1,283.7</u>	<u>\$ 1,252.3</u>

The Authority's net assets continue to remain healthy. With a decrease in taxes, the total revenues decreased, while expenses also decreased. Net assets increased by \$1,283.7.

Activities

The Authority's total revenues decreased by approximately \$8.8 thousand, primarily due to the continuing decrease in taxes.

Expenses decreased during the year. This was primarily the result of decreased public works expenses throughout the year.

Budgetary Highlights

Over the course of the year, the Authority Board amended the budget to take into account events during the year. The Authority overall stayed below budget, resulting in total expenditures \$1,597,351 below budget. This allowed the fund balance to increase from \$5,292,063 a year ago to \$6,716,776 at December 31, 2007.

Capital Asset and Debt Administration

At the end of 2007, the Authority had \$1,407,400 invested in capital assets, including land, equipment and infrastructure. The Authority currently has no debt.

Economic Factors and Next Year's Budgets and Rates

The Authority's budget for 2008 calls for a decrease in taxes, however, the Authority needs to continue to plan its budget carefully.

An engineering study of existing dikes in the Resort District has been completed and deficiencies have been identified.

Flood protection plans currently involve repairing or replacing sections of dikes where necessary. Easements are being secured and plans submitted to the Army Corp of Engineers for the permit approval process.

Contacting the Authority's Management

This financial report is intended to provide a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact our office.

FRENCHTOWN CHARTER TOWNSHIP RESORT DISTRICT AUTHORITY
GOVERNMENTAL FUND BALANCE SHEET - STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	<i>Modified Accrual Basis</i>	<i>Adjustments</i>	<i>Statement of Net Assets</i>
Assets:			
Cash & Cash Equivalents	\$ 6,762,811	\$ -	\$ 6,762,811
Taxes Receivable	1,648,811	-	1,648,811
Interest Receivable	33,190	-	33,190
<i>Capital Assets:</i>			
Land	-	6,716	6,716
Equipment	-	32,624	32,624
Improvements Other	-	108,521	108,521
Infrastructure	-	1,455,322	1,455,322
Less Accumulated Depreciation	-	(195,737)	(195,737)
Total Assets	<u>\$ 8,444,812</u>	<u>\$ 1,407,446</u>	<u>\$ 9,852,258</u>
Liabilities:			
Accounts Payable	\$ 79,225	\$ -	\$ 79,225
Deferred Revenue	1,648,811	(1,648,811)	-
Total Liabilities	<u>1,728,036</u>	<u>(1,648,811)</u>	<u>79,225</u>
Fund Balance - Net Assets			
Fund Balance - Restricted for Flood Protection	5,000,000	(5,000,000)	-
Fund Balance - Unrestricted	1,716,776	(1,716,776)	-
Total Liabilities & Fund Equity	<u>\$ 8,444,812</u>		
Net Assets			
Invested in Capital Assets		1,407,446	1,407,446
Unrestricted		8,365,587	8,365,587
Total Net Assets		<u>\$ 9,773,033</u>	<u>\$ 9,773,033</u>

See Accompanying Notes to the Financial Statements.

FRENCHTOWN CHARTER TOWNSHIP RESORT DISTRICT AUTHORITY
STATEMENT OF GOVERNMENTAL FUND REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<i>Modified Accrual Basis</i>	<i>Adjustments</i>	<i>Statement of Activities</i>
Revenue:			
Taxes	\$ 1,736,698	\$ (84,769)	\$ 1,651,929
Interest	337,164	-	337,164
	<hr/>	<hr/>	<hr/>
Total Revenue	2,073,862	(84,769)	1,989,093
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
General Government	50,204	5,943	56,147
Public Safety	183,409	6,837	190,246
Public Works	415,536	43,439	458,975
	<hr/>	<hr/>	<hr/>
Total Expenditures	649,149	56,219	705,368
	<hr/>	<hr/>	<hr/>
Excess of Revenue Over (Under) Expenditures	1,424,713	(140,988)	1,283,725
	<hr/>	<hr/>	<hr/>
Fund Balance - Net Assets, Beginning	5,292,063	3,197,245	8,489,308
	<hr/>	<hr/>	<hr/>
Fund Balance - Net Assets, Ending	\$ 6,716,776	\$ 3,056,257	\$ 9,773,033
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See Accompanying Notes to the Financial Statements.

FRENCHTOWN CHARTER TOWNSHIP RESORT DISTRICT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

- NOTE 1 - *Summary of Significant Accounting Policies*
- NOTE 2 - *Reconciliation of Government-Wide and Fund Financial Statements*
- NOTE 3 - *Stewardship, Compliance and Accountability*
- NOTE 4 - *Deposits and Investments*
- NOTE 5 - *Receivables*
- NOTE 6 - *Capital Assets*
- NOTE 7 - *Pending Litigation*
- NOTE 8 - *Pension Plan*
- NOTE 9 - *Restricted Assets*
- NOTE 10 - *Long-term Debt*
- NOTE 11 - *Other Post-Employment Benefits*
- NOTE 12 - *Risk Management*
- NOTE 13 - *Lease Obligations*
- NOTE 14 - *Economic Dependence*

NOTE 1 -- Summary of Significant Accounting Policies

The accounting policies of the Frenchtown Charter Township Resort District Authority conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Frenchtown Charter Township Resort District Authority:

A - Reporting Entity

The Authority was organized under Act 59, Public Acts of Michigan - 1986. The purpose is to prevent deterioration, encourage historic preservation, and promote rehabilitation within the resort district. As organized the Frenchtown Charter Township Resort District Authority performs the following functions:

- 1 Manages drainage and road improvement construction that is bonded.
- 2 Oversees debt retirement of bonded debt that was used to finance the construction project and improvements.
- 3 Provide certain services including street lighting and rubbish collection.
- 4 Provides other services as needed to fulfill its duties.

B - Organization-Wide and Fund Financial Statements

The organization-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the organization.

C - Measurement Focus, Basis of Accounting and Financial Statement Presentation

The organization-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the organization considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Authority property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the Authority district as of the preceding December 31st. Although the Authority 2005 ad valorem tax is levied and collectible on December 1, 2007, it is the Authority's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60days). The 2007 taxable valuation of the Authority totaled \$585.6 million, on which ad valorem taxes levied consisted of 2.89 mills for operating purposes.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments --Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables --All trade receivables are shown as net of allowance for uncollectible amounts.

Inventories and Prepaid Items --Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Use of Estimates -- Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

NOTE 1 -- Summary of Significant Accounting Policies (Continued)

Capital Assets-- Capital assets, which include land, equipment and infrastructure are reported in the governmental activities column in the financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Equipment and infrastructure are depreciated using the straight-line method over the following useful lives:

Machinery and Equipment	5 to 10 years
Infrastructure	20 to 40 years

Compensated Absences (Vacation and Sick Leave) -- The Authority has no policy or obligation for sick and vacation pay benefits.

Fund Equity--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Reclassifications-- Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Note 2 - Reconciliation of Organization-wide and Fund Financial Statements

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes an adjustment between net changes in fund balances and changes in net assets as reported in the statement of activities. One element of that adjustment is that governmental funds report capital outlays as expenditures; in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$	-
Depreciation		56,219
	<u>\$</u>	<u>56,219</u>

Note 3 - Stewardship, Compliance and Accountability

Budgetary Information -- Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end. The legal level of budgetary control adopted by the governing body is the department level. (i.e., The level at which expenditures may not legally exceed appropriations). Any revisions that alter the total expenditures of any activity must be approved by the Authority Board.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds-- During the year, the Authority incurred no expenditures in excess of the amounts appropriated.

Fund Deficits -- The Authority has no accumulated fund balance/retained earnings deficits.

December 31, 2007

Note 4 - Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Frenchtown Charter Township Resort District Authority's deposits and investment policy are in accordance with statutory authority.

At year-end, Frenchtown Charter Township Resort District Authority deposits were reported in the basic financial statements in the following categories:

	<u>Total</u>
Cash and Cash Equivalents	\$ 6,762,811

The bank balance of the organization's deposits is \$6,766,452 of which \$300,000 is covered by federal depository insurance.

The Authority had no investments as of December 31, 2007.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority evaluates each financial institution and assesses the risk level of each one, those with adequate risk levels are used for deposits. The Authority has policy for this risk.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not recover the value of its investments or collateral securities that are in the custody of an outside party. The Authority has no investments and no policy for this risk.

Interest Rate Risk

Interest rate risk is the risk that the value on investments will decrease as a result of a rise in interest rates. The Authority has no policy for this risk. The Authority has no policy with respect to investment maturities.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by a nationally recognized statistical rating organizations. The Authority follows the state guidelines and has no investments in this category. The Authority has no policy for this risk.

NOTE 5--Receivables

Receivables as of year-end for the Authority's funds, including the applicable allowances for uncollectible accounts, are as follows:

Taxes	\$ 1,648,811
Less: Allowance for Uncollectibles	-
Net Receivables	\$ 1,648,811

FRENCHTOWN CHARTER TOWNSHIP RESORT DISTRICT AUTHORITY**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

December 31, 2007

Note 6 - Capital Assets

Capital asset activity of the organization for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 6,716	\$ -	\$ -	\$ 6,716
Capital Assets Being Depreciated:				
Machinery and Equipment	32,624	-		32,624
Improvements - Other	108,521	-	-	108,521
Infrastructure	1,455,322	-	-	1,455,322
Subtotal	1,596,467	-	-	1,596,467
Less Accumulated Depreciation for:				
Machinery and Equipment	18,236	7,354	-	25,590
Improvements - Other	10,852	5,426	-	16,278
Infrastructure	110,430	43,439	-	153,869
Subtotal	139,518	56,219	-	195,737
Net Capital Assets Being Depreciated	1,456,949	(56,219)	-	1,400,730
Governmental Activities Capital Total				
Capital Assets--Net of Depreciation	\$ 1,463,665	\$ (56,219)	\$ -	\$ 1,407,446

Depreciation expense was charged to programs of the organization as follows:

General Government	\$ 5,943
Public Safety	6,837
Public Works	43,439
	<u>\$ 56,219</u>

Construction Commitments

The Authority has no improvement construction contract commitments at December 31, 2007.

Note 7 -- Pending Litigation

At present, there are no cases of litigation pending that would have a material effect on the financial statements.

Note 8 -- Pension Plan

The Authority does not provides pension benefits.

Note 9 -- Restricted Assets

At December 31, 2007, the Authority has no restricted assets.

Note 10 - Long-Term Debt

The Authority has no outstanding debt as of December 31, 2007.

Note 11 - Other Post-Employment Benefits

The Authority has no liability for other post-employment benefits.

December 31, 2007

Note 12 - Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases commercial insurance for all of these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from the prior year.

Note 13 -- Lease Obligations

The Authority leases their office facility, rent free, from Frenchtown Charter Township.

Note 14 -- Economic Dependence

The Authority receives 71% of its tax revenue from one taxpayer.

Required Supplementary Information

FRENCHTOWN CHARTER TOWNSHIP RESORT DISTRICT AUTHORITY

**BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance With</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget</i>
<i>Fund Balance - Beginning</i>	<u>\$ 5,292,063</u>	<u>\$ 5,292,063</u>	<u>\$ 5,292,063</u>	<u>Positive</u>
				<u>(Negative)</u>
<i>Resources (Inflows)</i>				
Taxes	1,733,000	1,733,000	1,736,698	3,698
Interest	250,000	250,000	337,164	87,164
Total Resources (Inflows)	<u>1,983,000</u>	<u>1,983,000</u>	<u>2,073,862</u>	<u>90,862</u>
Amounts Available for Appropriation	<u>7,275,063</u>	<u>7,275,063</u>	<u>7,365,925</u>	<u>90,862</u>
<i>Charges to Appropriations (Outflows)</i>				
General Government				
Authority Board:				
Board Member Per Diem	<u>5,000</u>	<u>5,000</u>	<u>4,055</u>	<u>945</u>
Director:				
Director salary			12,549	
Secretary			4,937	
Office supplies			1,140	
Publishing			455	
Other			364	
Total Director	<u>37,000</u>	<u>37,000</u>	<u>19,445</u>	<u>17,555</u>
Auditing	<u>5,000</u>	<u>5,000</u>	<u>4,100</u>	<u>900</u>
Legal	<u>12,000</u>	<u>12,000</u>	<u>9,855</u>	<u>2,145</u>
Building and Grounds:				
Telephone			2,278	
Utilities			2,989	
Total Building and Grounds	<u>14,000</u>	<u>14,000</u>	<u>5,267</u>	<u>8,733</u>
Generating Operating:				
Insurance			5,737	
Social Security and Medicare Taxes			1,745	
Total Generating Operating	<u>9,500</u>	<u>9,500</u>	<u>7,482</u>	<u>2,018</u>
Total General Government	<u>82,500</u>	<u>82,500</u>	<u>50,204</u>	<u>32,296</u>
Public Safety:				
Police Department:				
Police Salaries			171,956	
Operations			11,453	
Total Public Safety	<u>235,000</u>	<u>235,000</u>	<u>183,409</u>	<u>51,591</u>
Public Works:				
Drainage District			75,587	
Lighting District			110,295	
Rubbish Removal			20,843	
Engineer			105,755	
Tree Removal			46,848	
Snow Removal			16,666	
Construction			39,542	
Total Public Works	<u>1,929,000</u>	<u>1,929,000</u>	<u>415,536</u>	<u>1,513,464</u>
<i>Total Charges to Appropriations</i>	<u>2,246,500</u>	<u>2,246,500</u>	<u>649,149</u>	<u>1,597,351</u>
<i>Budgetary Balance - Ending</i>	<u>\$ 5,028,563</u>	<u>\$ 5,028,563</u>	<u>\$ 6,716,776</u>	<u>\$ 1,688,213</u>